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FISCAL IMPACT STATEMENT

LS 7042

BILL NUMBER: HB 1715

NOTE PREPARED: Jan 12, 2009

BILL AMENDED:

SUBJECT: Youth Homeless Shelter Distribution Formula.

FIRST AUTHOR: Rep. Avery

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☒ FEDERAL

IMPACT: State

Summary of Legislation: This bill provides for grants to emergency shelters and shelter care facilities for the emergency care of homeless children.

Effective Date: July 1, 2009.

Explanation of State Expenditures: This bill will not increase state expenditures, but will provide a formula on how state dollars and grants received by the Indiana Housing and Community Development Authority (IHCDA) for homeless shelters are allocated.

This bill will require the IHCDA to use a new formula to determine how emergency shelters and shelter care facilities that provide emergency shelter services and items to children receive grant funding. The legislation states that the maximum amount of grants that can be provided during any state fiscal year for emergency shelters and shelter care facilities in a particular county may not exceed the amount appropriated or otherwise available for grants multiplied by the estimated number of homeless children in a county as a percent of the estimated homeless children in the state.

Depending on how many homeless children are estimated to reside in the state and how many reside in each county, this bill can change the amount of revenue homeless shelters receive from the state and from federal grants funneled through the state. Actual fiscal impact will depend on (1) homeless population estimates, (2) if the funding formula is applied only to homeless shelters that provide services in full or in part to homeless children (exempting homeless shelters that do not provide services to children), (3) if the grant formula applies only to state grants to homeless shelters and not to federal grants, and (4) if the grant formula applies only to counties where homeless shelters currently exist.

Assumptions and Additional Considerations: The actual funding change per county (and not per shelter) will vary depending upon if the grant formula is applied to all counties in the state or to only those that currently have an emergency shelter program. Changes in funding were calculated using all grants awarded to homeless shelters for 2007-2008, assuming the grant formula would affect only counties that currently have homeless shelter services since more homeless youth will congregate in these areas.

Based on this assumption, the following was calculated.

Table A: Average Change in Grants Per County Under Formula	
Average Increase	\$264,886
Number of Counties	28
Average Decrease	\$207,613
Number of Counties	37
Total Counties Affected	65

Depending on how the grant formula is applied, individual counties will see a change in their grant funding for emergency shelter services. The estimated average increase or decrease per county and the number of counties affected is included above.

Minimum and maximum gains and losses under the grant formula were calculated as well. They are presented in Tables B and C.

Table B: Minimum and Maximum Losses under Grant Formula			
Minimum Loss	County	Maximum Loss	County
\$7,150	Starke	\$1.262 M	Tippecanoe

Table C: Minimum and Maximum Gains under Grant Formula			
Minimum Gain	County	Maximum Gain	County
\$18,465	Union	\$1.249 M	Marion

IHCDA reports that the following grants may also be affected by the legislation: Community Development Block Grant funding, Indiana Affordable Housing and Community Development funding, Domestic Violence funds, and the Neighborhood Assistance Program. Grant funding would be capped for emergency shelters that apply for these funds based on the formula contained in the legislation.

Background Information: Under the Federal Emergency Shelter Grant program, funding is funneled from the federal government through IHCDA to emergency shelters that apply for these grants. Grants are awarded on a competitive basis to those shelters that apply and demonstrate program effectiveness through measures IHCDA uses in reviewing grant applications. Indiana received \$1.9 M in ESG funding for 2007-2008. During this time, there were 90 recipients of ESG funding in 43 counties. The average award was approximately \$21,000.

Currently, not every county has an emergency shelter that applied for and received a grant under the ESG program. If funding in a county is capped to a certain amount based on the grant formula contained in this bill, some counties and subsequently some emergency shelters will see either an increase or decrease in their grant funding in the ESG program.

There are some differences between the federal and state definition of a “homeless youth” based on current Indiana Code and federal definitions maintained by the federal Housing and Urban Development (HUD). During data collection of homeless youth in Indiana, if IHCD is using HUD funding, IHCD must adhere to HUD’s definition of “homeless youth” in their data collection. This definition is different than Indiana’s codified definition of a homeless youth. This may impact how IHCD determines the number of homeless youth in the state and by county. Additionally, IHCD reports that emergency shelters are currently operating on HUD’s definition and changing the definition they use for data collection would require new counts.

The bill allows IHCD to use point-in-time estimates or another form of statistical analysis to estimate the homeless youth in the state and in each county. The point-in-time estimates are currently performed on a biennial basis, with the last point-in-time estimate being conducted January of 2007. The next estimate will be conducted in January of 2009.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IHCD.

Local Agencies Affected:

Information Sources: Stephanie Reeve, IHCD; U.S. HUD; U.S. Census Bureau.

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